U.S.-CAFTA-DR Free Trade Agreement

New Jersey Farmers Will Benefit.

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Exports of farm products help boost New Jersey's farm prices and income. Such exports help support about 1,864 jobs both on and off the farm in food processing, storage, and transportation. In 2003, New Jersey's farm cash receipts were $846 million, and agricultural exports were estimated at $119 million, putting its reliance on agricultural exports at 14 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase New Jersey's exports of agricultural products.

New Jersey Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including New Jersey's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

Fruits and Preparations. Providing the 3rd largest source of state agricultural exports (valued at $14.5 million), New Jersey fruit producers and processors benefit from the FTA.

- With $30 million in farm cash receipts, New Jersey apple and peach producers, who currently face duties as high as 25 percent, benefit from immediate duty elimination by all CAFTA-DR countries on fresh apples and pears.
- Providing over $60 million in farm cash receipts, New Jersey blueberry and cranberry producers benefit from immediate duty elimination on fresh and frozen blueberries by all CAFTA-DR countries except Cost Rica, that will phase-out its 15 percent duty on fresh blueberries within 5 years and the Dominican Republic that will phase-out its 20 percent duty on frozen blueberries in 15 years.

Soybeans and products. As the state's 2nd largest crop in terms of acreage and providing over $16 million in farm cash receipts, New Jersey soybean producers and processors benefit from the FTA.

- Central American and Dominican import duties range from zero to 20 percent, and the WTO permits duties as high 90 percent.
- CAFTA-DR countries will provide immediate duty-free access for soybeans. Duties on soybean meal and flour will be eliminated immediately in most CAFTA-DR countries.
- Most CAFTA-DR countries will immediately eliminate duties on crude soybean oil, and the current duties on refined soybean oil phased out over 12 to 15 years.

- *The American Soybean Association, the National Grain and Feed Association, and the National Oilseed Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Corn. As the state's 3rd largest crop in terms of acreage and providing over $7 million in farm cash receipts, New Jersey corn producers benefit from the FTA.

- U.S. corn exporters face duties up to 35 percent, and the WTO permits duties as high as 75 percent.
- Costa Rica and the Dominican Republic will eliminate their duty on yellow corn immediately. The other countries will provide preferential access through individual duty-free TRQs totaling 1,151,259 metric tons initially, growing by 5 percent per year as the over-quota duties are phased out over 15 years (10 years in the case of Guatemala).
- All currently applied duties on corn products (including corn flour, corn gluten feed, corn oil and high fructose corn syrup) will be phased-out in 15 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the U.S. Grains Council, and the North American Millers Association have expressed support publicly for the CAFTA-DR FTA.*

Dairy. Providing the 5th largest source of farm cash receipts, New Jersey dairy producers benefit from the FTA.

- U.S. dairy exporters currently face duties as high as 60 percent, and the WTO permits duties as high as 100 percent.
- Each country will establish duty-free TRQs for certain dairy products totaling over 10,000 metric tons across the six countries – and each will receive the same level of TRQ access for dairy products entering the United States.
- TRQs will grow by 5 percent per year for the Central American countries and 10 percent per year for the Dominican Republic, with certain dairy products subject to safeguards during the phase-out period.
- All Central American and Dominican duties will be eliminated within 20 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*